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# Taxation Administration Act

## Variation of withholding for low income minors where no TFN or ABN provided

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### Explanatory Statement

#### General Outline of Instrument

1. This instrument varies to nil the amount of withholding required by a payer under the pay as you go withholding system for low income minors.
2. This instrument also replaces two separate instruments:
  - PAYG withholding variation – Under 18 years of age and no Tax File Number (TFN) declared and
  - PAYG withholding variation – Under 18 years of age and no Australian Business Number (ABN)
3. This instrument is made by the Commissioner of Taxation (the Commissioner) pursuant to section 15-15 of Schedule 1 to the *Taxation Administration Act 1953*.
4. This is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.
5. This legislative instrument will revoke Legislative Instrument No. F2006B00403 registered on the 21<sup>st</sup> February 2006 and Legislative Instrument No. F2006B00230 registered on 6<sup>th</sup> February 2006.

#### Date of effect

6. The instrument commences on the day after registration.
7. It provides a variation to the amount of withholding required from payments made on or after 1<sup>st</sup> July 2012.

#### What is this instrument about?

8. The instrument varies to nil the amount required to be withheld by a payer who makes payments to low income minors who do not provide their TFN or ABN.
9. It has been developed to compliment changes to the tax-free threshold which takes effect on 1 July 2012.

#### What is the effect of this instrument?

10. This instrument removes the requirement that a minor quote their TFN or ABN when their earnings are below the tax-free threshold.
11. The thresholds quoted in the instrument reflect the personal income tax thresholds that apply from 1 July 2012.
12. An assessment of the compliance cost impact indicates that the impact will be minor for both implementation and on-going compliance costs. The new instrument is of a minor or machinery nature.

**Background:**

13. Previous pay as you go (PAYG) withholding class variations:

- Legislative Instrument No. F2006B00403 registered on the 21<sup>st</sup> February 2006, and
- Legislative Instrument No. F2006B00230 registered on 6<sup>th</sup> February 2006

provided a variation in withholding to low income minors who had not provided their TFN or ABN to their payer.

14. Those variations removed the withholding requirement where the payee's income was below the former tax free threshold.

15. This legislative instrument replaces the two previous variations and reflects the higher tax free threshold which will apply from 1 July 2012.

**Statement of compatibility with Human Rights**

16. This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. Accordingly, in the ATO's assessment, this legislative instrument is compatible with human rights.

**Consultation:**

17. No consultation has been conducted as to the affect of the instrument. This instrument replaces two previous instruments in order to reflect the higher tax free threshold which will apply from 1 July 2012. The instrument is of a routine nature.

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**Erin Holland**  
**Deputy Commissioner of Taxation**  
Date 13 April 2012

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***Legislative references:***

*Taxation Administration Act 1953*

*Legislative Instruments Act 2003*

*Human Rights (Parliamentary Scrutiny) Act 2011*

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